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LISTING STATEMENT No. 2261

LISTED MAY 25, 1967

1,162,250 Non-Voting Participating Class B Preference Shares
without par value
Ticker abbreviation "BEKB"
Dial Ticker No. 1191
Post section 10

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

THE BECKER MILK COMPANY LIMITED

Incorporated under the laws of the Province of Ontario by Letters Patent
dated February 20, 1957.

CAPITALIZATION AS AT MAY 1, 1967

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
6% cumulative redeemable Class A Preference Shares with a par value of \$100	8,000	5,675	Nil
Non-voting participating Class B Preference Shares without par value	2,459,250	1,162,250	1,162,250
Common Shares without par value	640,750	540,750	Nil
FUNDED DEBT			
6½ % First Mortgage Bonds	\$ 725,000	\$ 725,000	Nil
6% Debentures	\$ 450,000	\$ 450,000	Nil
6% Series B Debentures	\$ 50,000	\$ 50,000	Nil

1. APPLICATION

THE BECKER MILK COMPANY LIMITED (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 1,162,250 non-voting participating Class B Preference Shares without par value (hereinafter called "Class B shares") in the capital stock of the Company, all of which are issued and are outstanding as fully paid and non-assessable.

2. REFERENCE TO THE PROSPECTUS

Reference is made to the attached Prospectus issued by the Company under date of February 28, 1967 with respect to the offer to the public through underwriters of 225,000 Class B shares, a copy of which Prospectus is hereby incorporated and made a part hereof.

3. SHARES ISSUED SINCE THE INCORPORATION OF THE COMPANY

(a) Common shares without par value:

DATE OF ISSUE	NUMBER OF SHARES ISSUED	AMOUNT REALIZED PER SHARE	TOTAL AMOUNT REALIZED	PURPOSE OF ISSUE
Feb. 20, 1957	3	\$0.10	.30¢	Incorporators' shares
Feb. 20, 1957	99,997	\$0.003	\$300.00	Obtaining working capital
Aug. 7, 1959	50,000	\$0.01	\$500.00	Obtaining working capital

NOTE: These shares were subdivided on a 10 for 1 basis by
Supplementary Letters Patent dated February 28, 1967.

(b) Class A 6% cumulative redeemable Preference Shares
with a par value of \$100

DATE OF ISSUE	NUMBER OF SHARES ISSUED	AMOUNT REALIZED PER SHARE	TOTAL AMOUNT REALIZED	PURPOSE OF ISSUE
Feb. 20, 1957	1,000	\$100 each	\$100,000.00	Obtaining working capital
Aug. 24, 1962	1,650	\$100 each	\$165,000.00	Obtaining working capital
Oct. 31, 1962	250	\$100 each	\$ 25,000.00	Obtaining working capital
Dec. 28, 1962	100	\$100 each	\$ 10,000.00	Obtaining working capital
Aug. 29, 1963	200	\$100 each	\$ 20,000.00	Obtaining working capital
Nov. 19, 1963	100	\$100 each	\$ 10,000.00	Obtaining working capital
Dec. 6, 1963	50	\$100 each	\$ 5,000.00	Obtaining working capital
Feb. 20, 1964	1,475	\$100 each	\$147,500.00	Obtaining working capital
Apr. 13, 1964	600	\$100 each	\$ 60,000.00	Obtaining working capital
July 30, 1965	250	\$100 each	\$ 25,000.00	Obtaining working capital

(c) Non-voting participating Class B Preference Shares without par value

DATE OF ISSUE	NUMBER OF SHARES ISSUED	AMOUNT REALIZED PER SHARE	TOTAL AMOUNT REALIZED	PURPOSE OF ISSUE
Aug. 24, 1962	1,650	\$0.05	\$ 82.50	Obtaining working capital
Oct. 31, 1962	1,650	\$0.05	\$ 77.50	Obtaining working capital
Dec. 28, 1962	100	\$0.05	\$ 5.00	Obtaining working capital
Aug. 29, 1963	700	\$0.05	\$ 35.00	Obtaining working capital
Nov. 19, 1963	100	\$0.05	\$ 5.00	Obtaining working capital
Dec. 6, 1963	650	\$0.05	\$ 32.50	Obtaining working capital
Feb. 20, 1964	2,475	\$0.05	\$ 123.75	Obtaining working capital
Apr. 13, 1964	1,100	\$0.05	\$ 55.00	Obtaining working capital
Dec. 15, 1964	500	\$0.05	\$ 25.00	Obtaining working capital
July 30, 1965	750	\$0.05	\$ 37.50	Obtaining working capital
Dec. 17, 1965	400	\$1.38	\$ 552.00	Obtaining working capital
Dec. 30, 1966	225	\$5.00	\$ 1,125.00	Obtaining working capital
May 1, 1967	100,000	\$6.10	\$610,000.00	Obtaining working capital

NOTE: The Class B shares issued prior to February 28, 1967 were subdivided on a 10 for 1 basis by Supplementary Letters Patent dated February 28, 1967.

4.

DIVIDEND RECORD

No dividends have been paid on any shares of the Company since its incorporation up to October 31st, 1966. On January 5th, 1967 a dividend of \$4.00 per share was paid on the Class A shares for the period May 1, 1966 to December 31, 1966.

5.

SUBSIDIARY COMPANY

Bulk-More Dairy Shops Limited was incorporated under the laws of the Province of Ontario by Letters Patent dated March 25, 1957 with an authorized capital of \$40,000.00 divided into 300 Preference Shares with a par value of \$100 each and 10,000 Common Shares without par value, of which 500 Common Shares have been issued at \$500.00 per share and 50 Preference Shares have been issued at par. All the said common and preference shares are now beneficially owned by the Company. Bulk-More Dairy Shops Limited carries on the same business as the Company.

6.

FUNDED DEBT

The Company's funded debt consists of:

(A)		AGGREGATE	PRINCIPAL		
(a)	DESCRIPTION OF ISSUE	AMOUNT AUTHORIZED	AMOUNT OUTSTANDING	MATURITY DATE(S)	INTEREST DATE(S)
	6½ % First Mortgage Bonds	\$725,000.00	\$725,000.00	\$90,000 annually from May 1, 1968 to May 1, 1974 inclusive and \$95,000 on May 1, 1975	May 1 and November 1

(b) REDEMPTION

The Company has the right to redeem these Bonds in reverse order of maturity at the following percentages of the principal amount thereof plus accrued interest.

103 % if redeemed on or before May 1, 1969
102½ % if redeemed on or before May 1, 1970
102 % if redeemed on or before May 1, 1971
101½ % if redeemed on or before May 1, 1972
101 % if redeemed on or before May 1, 1973
100½ % if redeemed on or before May 1, 1974
and 100 % thereafter,

Under the terms of the trust deed securing these bonds, the Company cannot pay dividends on any class of share nor redeem any shares of any class where the effect of such payment would be to reduce the aggregate of the capital and retained earnings of the Company below \$368,000.

(c) SECURITY

The 6½ % First Mortgage Bonds in the opinion of counsel are secured by a First Fixed and Floating Charge under the laws of the Province of Ontario on the undertaking and all the property and assets of the Company now owned or hereafter acquired.

(B)				
(a)	DESCRIPTION OF ISSUE	AGGREGATE AMOUNT AUTHORIZED	PRINCIPAL AMOUNT OUTSTANDING	MATURITY DATE(S)
	6% Floating Charge Debentures	\$450,000.00	Lodged as collateral security for loans outstanding from time to time (see Prospectus)	
	6% Series B Floating Charge Debentures	\$ 50,000.00	\$50,000.00	After May 1, 1975
				June 30 and December 30

(b) REDEMPTION

The above Debenture may be redeemed at any time without notice or bonus.

(c) SECURITY

The 6% Floating Charge Debentures, in the opinion of counsel, are secured by a second floating charge under the laws of the Province of Ontario on the undertaking and all the property and assets of the Company, both present and future.

The 6% Series B Floating Charge Debentures, in the opinion of counsel, are secured by a third floating charge under the laws of the Province of Ontario on the undertaking and all the property and assets of the Company, both present and future.

7. OPINION OF COUNSEL

Messrs. McDonald & Zimmerman, 199 Bay Street, Toronto 1, Ontario, counsel for the Company, are filing in support of this application an Opinion stating, among other things, that:

(i) the Company is duly incorporated and is a valid and subsisting corporation in good standing under the laws of the Province of Ontario;

(ii) the duly authorized capital of the Company consists of 8,000 6% cumulative redeemable Class A Preference Shares with a par value of \$100 each; 2,459,250 non-voting participating Class B Preference Shares without par value and 640,750 common shares without par value;

(iii) 1,162,250 non-voting participating Class B Preference Shares without par value have been duly issued and are outstanding as fully paid and non-assessable.

8. LISTING ON OTHER STOCK EXCHANGES

There are no securities of the Company listed on any other stock exchanges.

9. STATUS UNDER SECURITIES ACT

Particulars of any filing, registration, approval or qualification with or by the Ontario Securities Commission or any corresponding governmental body or authority are as follows:

The Class B shares have been qualified for sale in the following Provinces:

British Columbia
Alberta
Manitoba
Ontario
New Brunswick
Nova Scotia

10. FISCAL YEAR

The fiscal year of the Company ends on April 30th in each year.

11. ANNUAL MEETING

The by-laws of the Company provide that the annual meeting of the Company shall be held at such place within Ontario, at such time and on such day in each year as the Board or President or a Vice-President who is a director may from time to time determine. The last annual meeting of the Company was held on April 27th, 1967.

12. HEAD AND OTHER OFFICES

The head office of the Company is located at 671 Warden Avenue, Scarborough, Ontario.

13. TRANSFER AGENT AND REGISTRAR

The Royal Trust Company at its principal offices in the cities of Toronto and Montreal is the transfer agent and registrar for the Class B shares.

14. **TRANSFER FEE**

No fee is charged on the transfer of the Class B shares other than the customary stock transfer taxes.

15. **AUDITORS**

The auditors of the Company are Messrs. Langlois, Hauck & Company, Chartered Accountants, 170 University Avenue, Toronto.

16. **DIRECTORS**

The directors of the Company are:

Frank Anthony Bazos	Executive	1 Benvenuto Place, Toronto 7, Ontario.
Robert William Lowe	Executive	R.R. No. 4, Stouffville, Ontario.
Robert Bazos	Executive	7425 Canora Road, Town of Mount Royal, Quebec.
William Hewson Zimmerman	Queen's Counsel	2 St. Aubyn's Crescent, Toronto 12, Ontario.
Victor Frank Schuler	Investment Dealer	199 Dawlish Avenue, Toronto 12, Ontario.

17. **OFFICERS**

The officers of the Company are:

Frank Anthony Bazos	Chairman of the Board	1 Benvenuto Place, Toronto 7, Ontario.
Robert William Lowe	President	R.R. No. 4, Stouffville, Ontario.
Robert Bazos	Vice-President	7425 Canora Road, Town of Mount Royal, Quebec.
William Hewson Zimmerman	Secretary	2 St. Aubyn's Crescent, Toronto 12, Ontario.

18. **CERTIFICATE**

Pursuant to a resolution duly passed by its Board of Directors, the applicant Company hereby applies for listing of the above-mentioned securities on The Toronto Stock Exchange and the undersigned officers hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

THE BECKER MILK COMPANY LIMITED
by:

"F. A. BAZOS"
Chairman of the Board

"W. H. ZIMMERMAN"
Secretary

19. **CERTIFICATE OF UNDERWRITER**

To the best of my knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

BURNS BROS. & DENTON LTD.
by:

"E. S. MILES"
Vice-President

"F. J. TROOP"
Secretary

STATEMENT SHOWING NUMBER OF SHAREHOLDERS

**DISTRIBUTION OF NON-VOTING PARTICIPATING CLASS "B" PREFERENCE SHARES
AS OF 11th MAY, 1967**

Number	Shares
125 Holders of 1 — 99 share lots	5,092
217 " " 100 — 199 " "	22,925
115 " " 200 — 299 " "	23,900
49 " " 300 — 399 " "	14,866
51 " " 400 — 499 " "	20,450
51 " " 500 — 999 " "	27,943
52 " " 1000 — up " "	1,047,074
<hr/> 660 Shareholders	<hr/> Total shares 1,162,250

No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. This prospectus is not and under no circumstances is to be construed as a public offering of these securities in the United States of America or the territories or possessions thereof.

New and Outstanding Issue

125,000 of the shares offered by this prospectus are being sold on behalf of shareholders of the Company and no proceeds of the sale of the said 125,000 shares will be received by the Company.

225,000 Non-voting Class B Shares

without par value

The Becker Milk Company Limited

(Incorporated under the laws of the Province of Ontario)

The Class B shareholders are entitled to receive fixed preferential non-cumulative dividends of 10¢ per share per annum as and when declared by the directors. After payment of such dividend and payment of a like dividend to the common shareholders, the Class B shareholders shall be entitled to participate equally with the common shareholders with respect to all other dividends.

Transfer Agent and Registrar: The Royal Trust Company, Toronto and Montreal

An application has been made to list these shares on The Toronto Stock Exchange. Acceptance of the listing will be subject to the filing of required documents and evidence of satisfactory distribution both within ninety days.

	<u>Price to Public</u>	<u>Proceeds to Underwriter</u>	<u>Proceeds to Company</u>	<u>Proceeds to Selling Shareholders</u>
Per Share	\$6.50	\$0.40	\$6.10	\$6.10
Total	\$1,462,500	\$90,000	\$610,000	\$762,500

There is at present no established market for the securities offered by this prospectus and the price therefor was determined by negotiation between the Underwriter, the Company and the Selling Shareholders. There is no relationship between the offering price and the net asset value of the securities offered by this prospectus. Based on the Pro Forma Consolidated Balance Sheet on pages 7 and 8 hereof, the net asset value per each Class B Share and Comon Share is approximately \$0.99.

We, as principals, offer these 225,000 Non-voting Class B Shares, if, as and when received by us, subject to prior sale or change in price and subject to approval of all legal matters on our behalf by Messrs. Wahn, Mayer, Smith, Creber, Lyons, Torrance & Stevenson, Toronto, and on behalf of the Company and the selling shareholders by Messrs. McDonald & Zimmerman, Toronto.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates in definitive form will be available for delivery on or about May 1, 1967.

Number		Shares
125	Holders of 1 — 99 share lots	5,092
217	" " 100 — 199 " "	22,925
115	" " 200 — 299 " "	23,900
49	" " 300 — 399 " "	14,866
51	" " 400 — 499 " "	20,450
51	" " 500 — 999 " "	27,943
52	" " 1000 — up " "	1,047,074
660	Shareholders	Total shares 1,162,250

The following information has been supplied by Mr. Robert W. Lowe, President of The Becker Milk Company Limited.

The Company

The Becker Milk Company Limited (hereinafter sometimes called "Beckers" or the "Company") was incorporated under the laws of the Province of Ontario on February 20th, 1957. At that time the Company leased plant facilities in Toronto in which it installed milk pasteurizing and bottling equipment and in May of 1957 opened five Beckers stores in Toronto in which were sold Beckers milk, ice cream and bread. The stores also featured leading brands of frozen foods, lunch meats, baked goods, snack items, beverages and a limited line of canned goods, all sold at prices competitive with those at chain stores and supermarkets.

The Company's success, as indicated in its operating results, is based on its introduction, as its specialty, of the three-quart jug of milk sold at a low price through conveniently located stores. The Company's concept of jug milk stores has lowered the cost of distribution of milk and has held down retail prices for milk both on home delivery and in supermarkets in the areas served by the Company. The Company has played a major role in the revitalization of the milk industry in Southern Ontario by acting as a price leader and by exerting a considerable influence on packaging and merchandising methods.

The Company now operates 154 stores, most of which are leased. These stores are located with due regard for traffic flow and other factors within a radius of 50 miles of Toronto as follows:

Metropolitan Toronto (128)	Clarkson (1)	Lakeview (1)	Port Credit (3)
Ajax (1)	Cooksville (1)	Oak Ridges (1)	Richmond Hill (1)
Aurora (1)	Erindale (1)	Oakville (1)	Whitby (1)
Brampton (2)	Hamilton (7)	Oshawa (4)	

The Hamilton stores were opened in October, 1966 and a further 6 stores will be opened there shortly.

Store layouts are scientifically designed and where possible, standardized. The centre of interest is the milk and dairy products department. The typical store has a total area of 1400 square feet, including refrigerated storage of 120 square feet. The stores are primarily outlets for low priced three-quart jugs of quality milk, the Company's symbol and the bulwark of its business. Beckers advertising stresses this symbol, the convenience of shopping at the Company's stores and the Company's speed of distribution to its stores. The time period during which milk is obtained from the farm to when it is delivered to the stores is usually less than 24 hours.

Three-quart jugs of milk are sold at savings of up to 8 cents per quart over the home delivered price of a quart of milk. All the Beckers stores are open seven days a week and most are open from 9:00 a.m. to 11:00 p.m.

The Company's present plans call for the opening of approximately 50 stores per year over the next five years. Anticipating this growth the Company's plant and offices are being expanded to provide the capacity to supply an additional 150 stores. Recent regulations made pursuant to The Milk Act, 1965, in effect require that distributors of milk distribute only in the particular area where the plant in which the milk is processed is located. The Company's plant is located in area 4, as defined in the regulations, which includes all the municipalities mentioned above with the exception of Aurora and Brampton. The Company's stores in Aurora and Brampton were in operation prior to the enactment of these regulations and the regulations permit the Company to continue operation of these stores.

Plant and Equipment

The Company's plant and offices in Metropolitan Toronto are situated on nine acres and encompass 42,500 square feet. The plant was completed in April 1963 and was expanded in 1965 in order to handle rapidly increasing sales. Again, expansion of sales has necessitated further enlargement of the plant from 33,860 square feet to 48,260 square feet. New equipment for the processing of milk is on order which will

double the plant's capacity. The present plant also produces the ice cream, fruit drinks and juices sold in Beckers stores.

The Company's plant is one of the most modern in Canada, utilizing the most efficient equipment available. The plant contains refrigerated storage facilities, adequate parking facilities for the Company's trucks and a modern laboratory for the scientific control of the quality of the Company's products, which must meet government standards. The Company has added to its present storage facilities a new silo milk receiving tank with a capacity of 250,000 pounds, one of the largest in Canada. The location of the plant between the 401 Highway—Gardiner Expressway System allows the Company to deliver milk to its stores speedily and efficiently.

Office area of the Company's premises is being enlarged from 8,640 square feet to 16,140 square feet. A new I.B.M. System 360 Computer was installed in December 1966 to facilitate the administration of the increased volume effected by the growing number of Company stores.

Volume of Business

The steady growth in the volume of business experienced by the Company is indicated by the following table setting forth the number of stores operated and sales of the Company.

Year ended April 30	Stores*	Sales \$
1958	8	403,536
1959	11	818,954
1960	19	1,394,460
1961	27	2,418,502
1962	37	4,533,586
1963	51	6,837,097
1964	81	10,621,311
1965	101	14,917,766
1966	127	19,966,503
1967	156**	27,000,000**

*—at April 30

**—estimated.

Management

The management of the Company is thoroughly experienced in all aspects of the dairy industry. Mr. Frank A. Bazos, Chairman of the Board of the Company, has been in the industry since 1931 and is one of the founders of the Company. Mr. Robert W. Lowe, President of the Company and one of its founders, was associated with a U.S. milk company for a number of years where he gained experience in the jug milk store business.

Other senior management of the Company are well trained and have contributed to the successful growth record of the Company.

Employees

The Company employs 166 managers, supervisors and relief managers. The managers in turn employ over 500 persons as clerks in the stores. The Company conducts a continuous store management training programme encompassing merchandising, accounting and other functions. Employee relations are excellent. Over 27 employees have been with the Company for more than five years.

In 1957, 18 farmer-producers supplied milk to the Company. Presently 216 farmer-producers supply all of their milk to the Company. The Company has paid these farmer-producers more for their milk than they could have obtained from other processors and has thus built up an excellent relationship with them and maintained very high standards of quality in the production of milk.

Capitalization

(as at October 31, 1966 and after giving effect to the present financing and to the transactions referred to in Note 1 to the Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet on page 9 hereof)

	Authorized	Outstanding
First Mortgage Bonds		
6½% First Mortgage Bonds	\$ 725,000	\$ 725,000
Debentures		
6% Series B Debentures	\$ 50,000	\$ 50,000
Capital Stock		
6% cumulative redeemable Class A preference shares of the par value of \$100 each	8,000 shs.	5,675 shs.
non-voting participating Class B preference shares without par value	2,459,250 shs.	1,162,250 shs.
common shares without par value	640,750 shs.	540,750 shs.

Note: In addition to the above, \$450,000 principal amount of Debentures, due on demand and secured by a floating charge, are lodged with the Company's bankers as collateral security for loans outstanding from time to time.

Purpose of Issue

The net proceeds to be derived from the sale of 100,000 Class B Shares offered by this prospectus, estimated at \$610,000 together with the \$475,000 received by the Company from the proceeds of the issue of 6½% First Mortgage Bonds will be used to liquidate bank indebtedness of \$193,283, to pay legal, auditing and other financing expenses of approximately \$20,000, to provide funds for present plant expansion and equipment purchases amounting to approximately \$400,000, and the balance of approximately \$471,717 will be added to the working capital of the Company.

The Becker Milk Company Limited

and Subsidiary Companies

Consolidated Statement of Earnings and Pro Forma Earnings

For the nine years and six months ended October 31, 1966

Year ended April 30	1958	1959	1960	1961	1962	1963	1964	1965	1966	Six months ended Oct. 31, 1966
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sales	403,536	818,954	1,394,460	2,418,502	4,533,586	6,837,097	10,621,311	14,917,766	19,966,503	13,487,184
Cost of Goods Sold	308,054	614,257	1,047,662	1,833,204	3,491,097	5,286,596	8,227,596	11,430,071	15,109,957	10,091,771
Gross Profit	95,482	204,697	346,798	585,298	1,042,489	1,550,501	2,393,715	3,487,695	4,856,546	3,395,413
Operating Expenses	121,093	180,759	327,956	461,932	840,382	1,257,660	2,000,965	2,938,528	3,816,806	2,458,659
Earnings (Loss) before Depreciation, Interest Charges and Taxes on Income	(25,611)	23,938	18,842	123,366	202,107	292,841	392,750	549,167	1,039,740	936,754
Depreciation and Amortization (Note 1)	18,536	22,194	38,187	76,103	128,236	231,434	296,553	315,095	367,870	176,157
Interest Charges	953	927	2,716	3,100	3,448	5,910	14,014	21,478	34,583	13,801
Taxes on Income	—	—	—	—	24,330	23,338	34,000	100,439	321,250	383,365
	19,489	23,121	40,903	79,203	156,014	260,682	344,567	437,012	723,703	573,323
Net Earnings (Loss)	(45,100)	817	(22,061)	44,163	46,093	32,159	48,183	112,155	316,037	363,431
Adjustments (Note 1)										
Straight Line Depreciation and Amortization	6,353	6,692	6,062	22,484	39,040	106,635	101,413	63,925	52,124	(3,385)
Deferred Income Taxes arising therefrom	—	—	—	5,203	23,321	54,380	58,850	37,308	31,396	(1,760)
	6,353	6,692	6,062	17,281	15,719	52,255	42,563	26,617	20,728	(1,625)
Pro-Forma Net Earnings (Loss) (Note 1)	(38,747)	7,509	(15,999)	61,444	61,812	84,414	90,746	138,772	336,765	361,806

The Becker Milk Company Limited
and Subsidiary Companies

Consolidated Statement of Retained Earnings and Pro Forma Retained Earnings
For the nine years and six months ended October 31, 1966

Year ended April 30	Retained Earnings (Deficit) at beginning of Period	Net Earnings (Loss) for Period	Retained Earnings (Deficit) at end of Period	Pro Forma Retained Earnings (Deficit) at end of Period (Note 1)
1958	\$ —	\$ (45,100)	\$ (45,100)	\$ (38,747)
1959	(45,100)	817	(44,283)	(31,238)
1960	(44,283)	(22,061)	(66,344)	(47,237)
1961	(66,344)	44,163	(22,181)	14,207
1962	(22,181)	46,093	23,912	76,019
1963	23,912	32,159	56,071	160,433
1964	56,071	48,183	104,254	251,179
1965	104,254	112,155	216,409	389,951
1966	216,409	316,037	532,446	726,716
six months ended Oct 31, 1966	532,446	363,431	895,877	1,088,522

**Notes to Consolidated Statements of Earnings, Retained Earnings, Pro Forma Earnings
and Pro Forma Retained Earnings**

1. Depreciation

Since incorporation the Company has provided depreciation in its accounts on the diminishing balance method at the maximum rates allowable for income tax purposes.

During the year ending April 30, 1967 the Company intends to change its accounting policy to provide depreciation based on the expected useful lives of the assets as follows:

buildings	2½%	per annum straight line
equipment	10%	per annum straight line
trucks and automobiles	30%	per annum diminishing balance
leasehold improvements	10%	per annum straight line

Depreciation already recorded in the accounts will be adjusted to give effect to this policy from the commencement of operations by the Company.

2. Basis of Consolidation

Earnings of a subsidiary company have been included in the consolidation since its acquisition on September 30, 1964. The other subsidiary company was acquired October 27, 1966 and accordingly no portion of its earnings are included.

3. Adjustment of Earnings

Adjustments of prior years' earnings which appeared in the Company's annual financial statements as adjustments of retained earnings have been allocated in the consolidated statement of earnings to the years to which the adjustments applied.

Auditors' Report

To the Directors,
The Becker Milk Company Limited

We have examined the consolidated statement of earnings and pro forma earnings and consolidated statement of retained earnings and pro forma retained earnings of The Becker Milk Company Limited and its subsidiaries for the six months ended October 31, 1966. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated statements of earnings and retained earnings, when read in conjunction with the notes thereto, present fairly, in accordance with generally accepted accounting principles

applied on a basis consistent with that of the preceding year, the consolidated results of the operations of the Company and its subsidiaries for the six months ended October 31, 1966.

In our opinion, the accompanying consolidated statements of pro forma earnings and pro forma retained earnings present fairly the consolidated results of the operations of the Company and its subsidiaries for the same period, after giving effect to the adjustments set forth in Note 1, with which change in accounting practice we concur.

A partner in Langlois, Hauck & Company owns (after subdivision on February 28, 1967) 33,000 Class B shares of the Company which will be disposed of as part of the distribution contemplated by this prospectus. The same partner holds and intends to dispose of 50 Class A preference shares and was replaced, on February 7, 1967, as co-trustee of a trust holding (after subdivision on February 28, 1967) 90,000 Class B shares of the Company.

(Signed) LANGLOIS, HAUCK & COMPANY
Chartered Accountants

(Signed) McDONALD, CURRIE & Co.
Chartered Accountants

February 28, 1967
Toronto, Ontario

Auditors' Report

To the Directors,
The Becker Milk Company Limited

We have examined the consolidated statement of earnings and pro forma earnings and consolidated statement of retained earnings and pro forma retained earnings of The Becker Milk Company Limited and its subsidiaries for the nine years ended April 30, 1966. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated statements of earnings and retained earnings, when read in conjunction with the notes thereto, present fairly, in accordance with generally accepted accounting principles applied on a consistent basis, the consolidated results of the operations of the Company and its subsidiaries for the nine years ended April 30, 1966.

In our opinion, the accompanying consolidated statement of pro forma earnings and pro forma retained earnings presents fairly the consolidated results of the operations of the Company and its subsidiaries for the same period, after giving effect to the adjustments set forth in Note 1, with which change in accounting practice we concur.

A partner in this firm owns (after subdivision on February 28, 1967) 33,000 Class B shares of the Company which will be disposed of as part of the distribution contemplated by this prospectus. The same partner holds and intends to dispose of 50 Class A preference shares and was replaced, on February 7, 1967, as co-trustee of a trust holding (after subdivision on February 28, 1967) 90,000 Class B shares of the Company.

(Signed) LANGLOIS, HAUCK & COMPANY
Chartered Accountants

February 28, 1967
Toronto, Ontario

**The Becker Milk Company Limited
and Subsidiary Companies**

**Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet
as at October 31, 1966**

ASSETS

	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet (Note 1)
	\$	\$
Current Assets		
Cash on hand	15,375	529,472
Store managers' accounts and sundry accounts receivable (less provision of \$40,341)	60,520	101,135
Advances to employees	8,990	6,448
Loan to an officer	37,309	—
Due from a director	2,525	—
Due from shareholders	3,123	—
 Inventories—		
Plant, at lower of cost or net realizable value	254,572	254,572
Stores, at lower of cost or net realizable value less normal profit margin.....	940,655	940,655
Prepaid expenses and deposits	53,471	46,372
	<u>1,376,540</u>	<u>1,878,654</u>
 Investment in Associated Company (Note 3)		
Shares—at cost	50,050	50,050
Advance	33,560	30,543
	<u>83,610</u>	<u>80,593</u>
 Fixed Assets (Note 4)		
Assets—at cost	4,118,642	4,351,637
Less: Accumulated depreciation and amortization	1,650,432	1,156,899
	<u>2,468,210</u>	<u>3,194,738</u>
 Other Assets		
Rent deposits and deferred finance charges, less amortization	14,025	14,025
Financing expenses	—	20,000
Excess of purchase price of shares of subsidiaries over net book value at date of acquisition	2,497	—
Special refundable tax	24,000	24,000
	<u>40,522</u>	<u>58,025</u>
Approved on behalf of the Board:	40,522	58,025
(Signed) FRANK A. BAZOS, Director	<u>3,968,882</u>	<u>5,212,010</u>
(Signed) ROBERT W. LOWE, Director		

The notes to Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet attached should be read in conjunction herewith.

**The Becker Milk Company Limited
and Subsidiary Companies**

**Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet
as at October 31, 1966**

LIABILITIES

	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet (Note 1)
Current Liabilities	\$	\$
Bank indebtedness (Note 5)	193,283	—
Accounts payable and accrued expenses	1,506,479	1,470,970
Equipment instalments due within one year	51,386	51,386
Income and other taxes payable	293,968	287,135
Due to shareholder	8,715	—
	<hr/>	<hr/>
	2,053,831	1,809,491
	<hr/>	<hr/>
Long Term Liabilities		
Managers' bond deposits	122,975	122,975
Equipment instalments due November 1, 1967 to February 15, 1970	26,863	26,863
6½% First Mortgage Bonds (Note 6)	250,000	725,000
6% Series B Debentures (Note 7)	50,000	50,000
	<hr/>	<hr/>
	449,838	924,838
	<hr/>	<hr/>
Deferred Income Taxes (Note 11)	—	208,698
	<hr/>	<hr/>
Shareholders' Equity		
Capital Stock		
Authorized—		
8,000 6% cumulative class A preference shares with a par value of \$100 each redeemable at par (pro forma 8,000)		
150,000 non-voting, non-cumulative, participating class B preference shares without par value (pro forma 2,459,250)		
160,000 common shares without par value (pro forma 640,750)		
Issued and fully paid—		
5,675 Class A shares (pro forma 5,675)	567,500	567,500
10,075 Class B shares (pro forma 1,162,250)	1,036	612,673
150,000 common shares (pro forma 540,750)	800	288
	<hr/>	<hr/>
	569,336	1,180,461
Retained Earnings (Note 9)	895,877	1,088,522
	<hr/>	<hr/>
	1,465,213	2,268,983
	<hr/>	<hr/>
	3,968,882	5,212,010
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The Becker Milk Company Limited

and Subsidiary Companies

Notes to Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet as at October 31, 1966

1. Pro Forma Consolidated Balance Sheet

The pro forma consolidated balance sheet gives effect to the following transactions:

- (a) the subdividing of each of the non-voting Class B shares and each of the common shares into 10 non-voting Class B shares and 10 common shares respectively and the reclassifying of 959,250 of such common shares as 959,250 non-voting Class B shares, pursuant to Supplementary Letters Patent dated February 28, 1967;
- (b) the issue and sale to Burns Bros. and Denton Limited of 100,000 non-voting Class B shares without par value for an aggregate consideration of \$610,000 payable in cash to the Company;
- (c) the issue and sale of \$475,000 6½% first mortgage bonds for an aggregate consideration of \$475,000 payable in cash to the Company;
- (d) the application of the proceeds of \$1,085,000 from (b) and (c) above;
 - (i) to liquidate bank indebtedness,
 - (ii) to pay financing expenses of \$20,000,
 - (iii) to provide funds for plant expansion and equipment purchases at a cost of approximately \$400,000, and
 - (iv) to provide additional working capital in the amount of the balance of the proceeds;
- (e) the repayment of the loan to an officer and the amounts due from a director and shareholders in accordance with commitments received by the Company;
- (f) the issue of 225 non-voting Class B shares at a price of \$5.00 per share to employees on December 30, 1966, which shares were subsequently split on a 10 for 1 basis;
- (g) as further explained in note 11, the recording of depreciation on a straight line basis, together with income tax adjustments arising therefrom, with effect from the date of commencement of operations by the Company; and
- (h) subsequent to the date of the balance sheet the Company sold at its original cost one of its subsidiaries, acquired in 1966 at a cost of \$3,000.

2. Principles of Consolidation

The accounts of all subsidiary companies have been included in the consolidation from the dates of their acquisition.

3. Investment in Associated Company

On August 31, 1966 the liabilities of the associated company exceeded its assets. Euclid Securities Limited has guaranteed the repayment to the Company of amounts due from the associated company and has also agreed to purchase for their cost the shares in the associated company should the equity of the Company in the net assets of the associated company be less than \$50,000 as at August 31, 1969.

4. Fixed Assets

Fixed assets are classified as follows:

	Cost	Accumulated depreciation and amortization	Net book value	Pro forma net book value
	\$	\$	\$	\$
Land	121,156	—	121,156	121,156
Buildings	556,849	94,130	462,719	731,905
Equipment—Plant	573,183	316,191	256,992	530,728
—Stores	2,080,030	958,988	1,121,042	1,405,366
—Office	46,174	25,854	20,320	28,972
Trucks and automobiles	413,222	226,178	187,044	116,697
Leasehold improvements	328,028	29,091	298,937	259,914
	<u>4,118,642</u>	<u>1,650,432</u>	<u>2,468,210</u>	<u>3,194,738</u>

5. Floating Charge Debentures

\$450,000 principal amount of Debentures of the Company, due on demand and secured by a floating charge, are lodged with the Company's bankers as collateral security for loans outstanding from time to time.

6. 6½% First Mortgage Bonds

The authorized amount of the bonds is \$725,000. They are secured by a first charge on the property, building and equipment at 671 Warden Avenue, Scarborough, Ontario, and a floating charge on all other assets of the Company.

These bonds mature \$90,000 annually on May 1, 1968 to 1974 inclusive and \$95,000 on May 1, 1975.

The Company has the right to redeem these bonds in reverse order of maturity at the following percentages of the principal amount thereof, plus accrued interest

- 103 % if redeemed on or before May 1, 1969
- 102½% if redeemed on or before May 1, 1970
- 102 % if redeemed on or before May 1, 1971
- 101½% if redeemed on or before May 1, 1972
- 101 % if redeemed on or before May 1, 1973
- 100½% if redeemed on or before May 1, 1974
- and 100 % thereafter,

Under the terms of the trust deed securing these bonds the Company cannot pay dividends on any class of shares nor redeem any shares of any class where the effect of such payment would be to reduce the aggregate of the capital and retained earnings of the Company below \$368,000.

7. 6% Series B Debentures

These debentures are secured by a floating charge on the assets of the Company which has been postponed in favour of the 6½% First Mortgage Bonds and the Debentures referred to in Note 5 above. The holders of the Series B Debentures have agreed to the repayment of the principal amount thereof being postponed until the 6½% First Mortgage Bonds have been repaid.

8. Lease and Sale and Lease Transactions

The Company rents its stores under leases expiring from April 1967 to October 1984. Rental expense in the year ended April 30, 1966 was \$384,997.

The aggregate minimum amount payable, during the next five years, under leases in effect on the balance sheet date is \$2,101,449.

During the year ended April 30, 1964 the Company sold two stores with book values of \$29,000 and \$30,900 for their appraised values of \$24,500 and \$25,000 respectively. These stores have been leased back by the Company for, in each case, twenty years at an annual rental of \$3,720.

9. Dividends

On December 30, 1966 the Company declared a dividend of \$4 per share on its Class A shares, being the dividend accruing from May 1, 1966 to December 31, 1966 and this dividend, amounting in total to \$22,700, was paid on January 5, 1967; the Class A shareholders have waived their rights to all dividends accrued prior to May 1, 1966.

10. Advance to Shareholder

During December 1966 the Company advanced \$75,000 to Euclid Securities Limited. Euclid Securities Limited has committed itself to repay this advance out of the proceeds of its sale of non-voting Class B shares of the Company.

11. Depreciation

Since incorporation the Company has provided depreciation in its accounts on the diminishing balance method at the maximum rates allowable for income tax purposes.

During the year ending April 30, 1967 the Company intends to change its accounting policy to provide depreciation based on the expected useful lives of the assets as follows:

buildings	2½%	per annum straight line
equipment	10%	per annum straight line
trucks and automobiles	30%	per annum diminishing balance
leasehold improvements	10%	per annum straight line

Depreciation already recorded in the accounts will be adjusted to give effect to this policy from the commencement of operations by the Company.

As a result of this adjustment depreciation recorded in the accounts will be \$401,343 less than depreciation claimed for tax purposes with a consequent reduction of income taxes paid of \$208,698. This reduction is considered to be applicable to future years when depreciation recorded in the accounts will exceed that which may be claimed for tax purposes and will therefore be shown in the balance sheet as deferred income taxes.

12. Purchase Commitments

The Company has placed orders for equipment costing approximately \$175,000 and work has commenced on an extension to the plant estimated to cost about \$225,000.

Auditors' Report

To the Directors,
The Becker Milk Company Limited

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of The Becker Milk Company Limited and its subsidiaries as at October 31, 1966. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet, when read in conjunction with the notes thereto, presents fairly, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, the consolidated financial position of the Company and its subsidiaries as at October 31, 1966.

In our opinion, the accompanying pro forma consolidated balance sheet also presents fairly the consolidated financial position of the Company and its subsidiaries as at the same date, after giving effect to the changes set forth in Note 1.

A partner in Langlois, Hauck & Company owns (after subdivision on February 28, 1967) 33,000 Class B shares of the Company which will be disposed of as part of the distribution contemplated by this prospectus. The same partner holds and intends to dispose of 50 Class A preference shares and was replaced, on February 7, 1967, as co-trustee of a trust holding (after subdivision on February 28, 1967) 90,000 Class B shares of the Company.

(Signed) LANGLOIS, HAUCK & COMPANY
Chartered Accountants

February 28, 1967
Toronto, Ontario

(Signed) McDONALD, CURRIE & Co.
Chartered Accountants

STATUTORY INFORMATION

1. The full name of the Company is The Becker Milk Company Limited (hereinafter called the "Company"). The address of its head office is 671 Warden Avenue, Scarborough, Ontario.
2. The Company was incorporated under The Corporations Act of Ontario by letters patent dated the 20th day of February, 1957. Supplementary letters patent dated the 22nd day of July, 1959, the 18th day of January, 1963 and the 28th day of February, 1967 have been issued to the Company. The supplementary letters patent dated February 28, 1967 provided for the subdivision of the 160,000 Common shares and 150,000 Class B Shares into 1,600,000 Common Shares and 1,500,000 Class B Shares and reclassifying 959,250 Common Shares, as subdivided, as 959,250 Class B Shares, and varying the provisions attaching to the Class B Shares.
3. The general nature of the business actually transacted by the Company is the processing of milk, the manufacturing of ice cream and the retail distribution of manufactured milk, milk products, groceries, tobacco, confectionery and sundry items through the Company's retail food outlets.
4. The name in full, present occupation and home addresses in full of each of the directors and officers of the Company are as follows:

Directors

FRANK ANTHONY BAZOS	Chairman of the Board The Becker Milk Company Limited	1 Benvenuto Place, Toronto 7, Ontario.
ROBERT WILLIAM LOWE	President The Becker Milk Company Limited	R. R. No. 4 Stouffville, Ontario
ROBERT BAZOS	President Perrette Dairy Limited	7425 Canora Road, Town of Mount Royal, Que.
WILLIAM HEWSON ZIMMERMAN	Queen's Counsel	2 St. Aubyn's Crescent, Toronto 12, Ontario.
VICTOR FRANK SCHULER	Investment Dealer	199 Dawlish Avenue, Toronto 12, Ontario

Officers

FRANK ANTHONY BAZOS	Chairman of the Board	1 Benvenuto Place, Toronto 7, Ontario.
ROBERT WILLIAM LOWE	President	R. R. No. 4 Stouffville, Ontario
ROBERT BAZOS	Vice-President	7425 Canora Road, Town of Mount Royal, Que.
WILLIAM HEWSON ZIMMERMAN	Secretary	2 St. Aubyn's Crescent, Toronto 12, Ontario.

5. The auditors of the Company are Messrs. Langlois, Hauck & Company, Chartered Accountants, 170 University Avenue, Toronto. Messrs. McDonald, Currie & Co., Chartered Accountants, 120 Adelaide St. West, Toronto were appointed special auditors for the purpose of reporting together with the Company's auditors on the financial statements for the six month period ended October 31, 1966 contained in this prospectus.
6. The Royal Trust Company at its offices in the cities of Toronto (119 Adelaide St. W.) and Montreal (105 St. James St. W.) is the registrar and transfer agent for the Class B Shares. The Company has not appointed any transfer agent or registrar for its Class A Shares or Common Shares; the registers in respect of the Class A Shares and Common Shares will be kept by the Company at its head office.

7. The authorized capital of the Company consists of 8,000 6% cumulative redeemable Class "A" preference shares with a par value of \$100 each, (herein called the "Class A Shares") 2,459,250 non-voting participating Class "B" preference shares without par value, (herein called the "Class B Shares") and 640,750 common shares without par value, (herein called the "Common Shares") of which 5,675 of the Class A Shares, 1,062,250 of the Class B Shares and 540,750 of the Common Shares are issued and outstanding as fully paid and non-assessable.

8. The following is a description of the respective voting rights, preferences, conversion and exchange rights, rights to dividends, profits or capital of each class of shares of the Company, including redemption rights and rights on liquidation or distribution of capital assets:

The Class A Shares have attached thereto preferences, rights, conditions, restrictions, limitations and prohibitions substantially as follows:

(1) The holders of the Class A Shares shall be entitled to receive as and when declared by the directors out of the moneys of the Company properly applicable to the payment of dividends fixed, preferential, cumulative, cash dividends at the rate of six percent (6%) per annum on the amount paid up on the Class A Shares and no more; such dividends shall accrue and be cumulative from the respective dates of issue of the said Class A Shares or from such other date, not later than six (6) months after the respective dates of issue of the Class A Shares, as may be fixed by the directors; such dividends shall be payable annually on the first day of January in each year at par at any branch in Canada of the Company's bankers for the time being; if on any dividend payment date the Company shall not have paid the said dividends in full on all Class A Shares then issued and outstanding such dividends or the unpaid part thereof shall be paid on a subsequent date or dates in priority to dividends on the Common Shares and any shares of any other class ranking junior to the Class A Shares;

(2) The holders of the Class A Shares shall not, as such, have any voting rights for the election of directors or for any other purpose nor shall they be entitled to attend shareholders' meetings unless and until the Company shall fail, for a period aggregating two (2) years, to pay the dividend on the Class A Shares, whereupon and whenever the same shall occur, the holders of the Class A Shares shall, until all arrears of dividends have been paid on the Class A Shares, be entitled to attend all shareholders' meetings and shall have one (1) vote thereat for each Class A Share then held by them respectively; holders of Class A Shares shall, however, be entitled to notice of meetings of shareholders called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof;

(3) In the event of the liquidation, dissolution or winding up of the Company or other distribution of its assets among the shareholders by way of repayment of capital, the holders of the Class A Shares shall be entitled to receive the sum of One Hundred Dollars (\$100) per share together with all unpaid cumulative dividends, whether or not earned or declared, which shall have accrued thereon and which, for such purpose, shall be treated as accruing up to the date of such distribution, in priority to any distribution to the holders of the Common Shares or any shares of any other class ranking junior to the Class A Shares, and such holders shall not be entitled to share any further in the distribution of the property or assets of the Company;

(4) The Company may, in the manner hereinafter provided, redeem all or from time to time any part of the outstanding Class A Shares on payment to the holders thereof, for each share to be redeemed, of the amount paid up thereon together with all unpaid cumulative dividends, whether or not earned or declared, which shall have accrued thereon and which, for such purpose, shall be treated as accruing up to the date of such redemption;

(5) Before redeeming any Class A Shares the Company shall mail to each person who, at the date of such mailing, is a registered holder of shares to be redeemed, notice of the intention of the Company to redeem such shares held by such registered holder; such notice shall be mailed by ordinary prepaid post addressed to the last address of such holder as it appears on the books of the Company or, in the event of the address of any such holder not appearing on the books of the Company, then to the last known address of such holder, at least thirty (30) days before the date specified for redemption; such notice shall set out the redemption price, the date on which redemption is to take place and, if part

only of the shares held by the person to whom it is addressed is to be redeemed, the number thereof so to be redeemed; on and after the date so specified for redemption the Company shall pay or cause to be paid the redemption price to the registered holders of the shares to be redeemed, on presentation and surrender of the certificates for the shares so called for redemption at the office in the said City of Toronto of the Company's transfer agent for such shares or at such other place or places as may be specified in such notice and the certificates for such shares shall thereupon be cancelled and the shares represented thereby shall thereupon be redeemed; from and after the date specified for redemption in such notice, the holders of such shares called for redemption shall cease to be entitled to dividends and shall not be entitled to any rights in respect thereof, except to receive the redemption price, unless payment of the redemption price shall not be made by the Company in accordance with the foregoing provisions, in which case the rights of the holders of such shares shall remain unimpaired; on or before the date specified for redemption the Company shall have the right to deposit the redemption price of the shares called for redemption in a special account with any chartered bank or trust company in Canada named in the notice of redemption to be paid, without interest, to or to the order of the respective holders of such shares called for redemption upon presentation and surrender of the certificates representing the same and, upon such deposit being made, the shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the several holders thereof, after such deposit, shall be limited to receiving, out of the moneys so deposited, without interest, the redemption price applicable to their respective shares against presentation and surrender of the certificates representing such shares;

(6) The Company may at any time or times purchase for cancellation the whole or any part of the Class A Shares outstanding from time to time in the open market or by tender at the lowest price at which in the opinion of the directors such shares are obtainable but not exceeding the amount paid up thereon together with all unpaid cumulative dividends, whether or not earned or declared, which shall have accrued thereon and which, for such purpose, shall be treated as accruing up to the date of such purchase, plus customary brokerage; and

(7) The authorization for an application for the issue of Supplementary Letters Patent to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class A Shares or to create Class A Shares ranking in priority to or on a parity with the Class A Shares, in addition to the authorization by a special resolution, may be given by at least two-thirds ($\frac{2}{3}$) of the votes cast at a meeting of the holders of the Class A Shares duly called for that purpose.

The Class B Shares have attached thereto preferences, rights, conditions, restrictions, limitations, and prohibitions substantially as follows:

(1) The holders of the Class B Shares, in priority to the Common Shares of the Company and any shares ranking junior to the Class B Shares, shall be entitled to receive and the Company shall pay thereon, as and when declared by the board of directors of the Company out of the moneys of the Company properly applicable to the payment of dividends, fixed preferential non-cumulative cash dividends at the rate of ten cents (10¢) per share per annum; the board of directors shall be entitled from time to time to declare part of the said preferential non-cumulative cash dividend for any fiscal year notwithstanding that such dividend for such fiscal year shall not be declared in full; if within four (4) months after the expiration of any fiscal year of the Company the board of directors in its discretion shall not declare the said dividend or any part thereof on the Class B Shares for such fiscal year, then the rights of the holders of the Class B Shares to such dividend or to any undeclared part thereof for such fiscal year shall be forever extinguished; whenever in any fiscal year of the Company a dividend of ten cents (10¢) per share shall have been paid or declared and set aside for payment on all the Class B Shares at the time outstanding and whenever in such fiscal year a dividend of ten cents (10¢) per share shall have been paid or declared and set aside for payment on all the Common Shares at the time outstanding, any and all further dividends declared in such year shall be declared and paid in equal amounts per share on all the Class B Shares and on all the Common Shares at the time outstanding without preference or distinction;

(2) Except with the consent in writing of the holders of all the Class B Shares outstanding no dividends shall at any time be declared or paid on or set aside for payment on the Common Shares or any

other shares of the Company ranking junior to the Class B Shares in any fiscal year unless and until the preferential non-cumulative cash dividend on all the Class B Shares outstanding in respect of such fiscal year has been declared and paid or set aside for payment;

(3) In the event of the liquidation, dissolution or winding up of the Company or other distribution of the assets of the Company among shareholders for the purpose of winding up its affairs, all the property and assets of the Company available for distribution to the holders of the Class B Shares and the Common Shares shall be paid or distributed equally share for share to the holders of the Class B Shares and the Common Shares without preference or distinction;

(4) The holders of the Class B Shares shall not be entitled as such (except as hereinafter specifically provided) to receive notice of or to attend any meeting of the shareholders of the Company and shall not be entitled to vote at any such meeting; the holders of the Class B Shares shall, however, be entitled to notice of meetings of the shareholders called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof;

(5) The authorization required by subsection (4) of Section 33 of The Corporations Act to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class B Shares or to create preference shares ranking in priority to or on a parity with the Class B Shares may be given by at least two-thirds ($\frac{2}{3}$) of the votes cast at a meeting of the holders of the Class B Shares duly called for that purpose and held upon at least fourteen (14) days' notice at which the holders of at least a majority of the outstanding Class B Shares are present or represented by proxy; if at any such meeting the holders of a majority of the outstanding Class B Shares are not present or represented by proxy within half an hour after the time appointed for the meeting, then the meeting shall be adjourned to such date not being less than ten (10) days later and to such time and place as may be appointed by the chairman and at least five (5) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called; at such adjourned meeting the holders of Class B Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by the affirmative votes of the holders of not less than two-thirds ($\frac{2}{3}$) of the Class B Shares represented and voted at such adjourned meeting cast on a poll shall constitute the authorization of the holders of Class B Shares referred to above; the formalities to be observed with respect to the giving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders; on every poll taken at every such meeting every holder of Class B Shares shall be entitled to one (1) vote in respect of each Class B Share held;

(6) The Class B Shares shall rank junior to the Class A Shares and shall be subject in all respects to the preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the Class A Shares; and

(7) The Common Shares shall rank junior to the Class B Shares and shall be subject in all respects to the preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the Class B Shares.

Holders of Common Shares shall be entitled to one vote for each such share held by them at all shareholders' meetings.

9. There are no bonds or debentures or other securities outstanding or proposed to be issued which, if issued, will rank ahead of or pari passu with the securities offered by this prospectus except as follows:

(i) \$725,000 principal amount of 6½% First Mortgage Bonds of the Company issued under a Deed of Trust and Mortgage dated as of May 1, 1965 between the Company and Montreal Trust Company, as Trustee;

(ii) \$50,000 principal amount of 6% Series B Debentures issued as of the 1st day of August, 1959;

(iii) \$450,000 principal amount of Debentures, due on demand and secured by a floating charge, which the Company has pledged with its bankers under agreements, pursuant to which the Company may, from time to time borrow, in the ordinary course of business, sums not exceeding in the aggregate, \$440,000. As of the date hereof the Company has no such borrowings outstanding.

The Class A Shares rank ahead of the Class B Shares offered by this prospectus.

10. No substantial indebtedness is to be created or assumed which is not shown on the accompanying consolidated balance sheet or pro forma consolidated balance sheet of the Company and its subsidiaries as at October 31, 1966 except borrowings in the ordinary course of business.

11. No securities of the Company are covered by options outstanding or proposed to be given by the Company.

12. The number of securities offered by this prospectus, their correct descriptive title, the issue price to the public and the terms thereof are stated on the front page and paragraph 7 of this prospectus to which reference is hereby made.

13. The estimated net proceeds to be derived by the Company from the sale of 100,000 of the Class B Shares offered by this prospectus on the basis of the same being fully taken up and paid for is \$610,000 less legal, auditing and other expenses in connection with the issue thereof estimated at \$17,000 and none of the proceeds to be derived from the sale of the remaining 125,000 Class B Shares hereby offered will be received by the Company.

14. The net proceeds to be derived from the sale of 100,000 Class B Shares offered by this prospectus estimated at \$610,000 before payment of legal, auditing and other expenses in connection with the issue thereof estimated at \$17,000 together with the \$475,000 received by the Company from the proceeds of the issue of 6½% First Mortgage Bonds, less legal and other financing expenses in connection therewith of approximately \$3,000, will be used to liquidate bank indebtedness of \$193,283, to provide funds for present plant expansion and equipment purchases amounting to approximately \$400,000, and the balance of approximately \$471,717 will be added to the working capital of the Company. No part of the proceeds of the issue is to be held in trust pending or subject to the fulfilment of any conditions.

15. There is no minimum amount which in the opinion of the directors must be raised by the issue of the 100,000 Class B Shares offered by this prospectus in order to provide the funds for the purchase of any property purchased or to be purchased, any preliminary expenses or commissions payable by the Company, the repayment of any monies borrowed by the Company in respect of the foregoing matters or the repayment of bank loans.

16. By agreement dated February 28, 1967, the Company has agreed to sell and Burns Bros. and Denton Limited acting as underwriter on its own behalf has agreed to purchase 100,000 of the 225,000 Class B Shares offered by this prospectus from the Company at the price of \$6.10 per share subject to the terms and conditions stated therein and certain shareholders of the Company have agreed to sell and Burns Bros. and Denton Limited acting as underwriter on its own behalf have agreed to purchase 125,000 of the said 225,000 shares offered hereby at the same price. The selling shareholders, the number of shares held by them prior to the sale of Class B shares, the number of Class B shares being sold by each of them and their holdings of Class B shares after giving effect to such sale will be as follows:

<u>Name of Shareholder</u>	<u>Common</u>	<u>Class A</u>	<u>Class B prior to sale</u>	<u>Class B to be sold</u>	<u>Class B after sale</u>
Euclid Securities Limited ...	390,025	475	659,975	87,500	572,475
Robert W. Lowe	150,725	600	60,275	4,500	55,775
Carl A. Hauck	—	50	33,000	33,000	—

17. The By-laws of the Company contain the following provision as to the remuneration of directors:

“The directors shall be paid such remuneration, if any, as the board may from time to time determine. Any remuneration so payable to a director who is also an officer or employee of the company or who is counsel or solicitor to the company or otherwise serves it in a professional capacity shall be in addition to his salary as such officer or to his professional fees as the case may be. In addition the board may by resolution from time to time award special remuneration out of the funds of the company to any director who performs any special work or service for, or undertakes any special mission on behalf of, the company outside the work or services ordinarily required of a director of the company. The directors shall also be paid such sums in respect of their out-of-pocket expenses incurred in attending board, committee or shareholders’ meetings or

otherwise in respect of the performance by them of their duties as the board may from time to time determine. No confirmation by the shareholders of any such remuneration or payment shall be required."

18. No remuneration was paid by the Company during its last completed fiscal year ended April 30, 1966 to directors of the Company as such and the remuneration paid by the Company to officers thereof who individually received remuneration in excess of \$10,000 per annum was \$30,000. The aggregate remuneration estimated to be paid or payable by the Company during the current financial year to directors of the Company as such is \$2,000 and by the Company to officers thereof who individually may be entitled to receive remuneration in excess of \$10,000 is \$76,400.

19. No amount has been paid by the Company within the two preceeding years prior to the date hereof or is now payable as a commission for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or obligations of the Company. Reference however is made to paragraph 16 hereof for the price at which the Class B Shares are being sold to the underwriter by the Company.

20. The Company has been carrying on business for more than one year.

21 - 22. No property is to be purchased or acquired by the Company, or is proposed to be purchased or acquired, the purchase price of which is to be defrayed in whole or in part out of the proceeds of this issue or has been paid within the last two preceding years or is to be paid in whole or in part in securities of the Company, or the purchase or acquisition of which has not been completed at the date of this prospectus.

23. No securities have, within the two years preceeding the date hereof, been issued or agreed to be issued by the Company as fully or partly paid up otherwise than in cash.

24. No obligations are being offered by this prospectus.

25. No services have been rendered or are to be rendered to the Company, except the legal, auditing and miscellaneous services in connection with the securities offered hereby, which are to be paid for by the Company wholly or partly out of the proceeds of the securities offered by this prospectus or have been within the two years preceeding the date hereof or are to be paid for by securities of the Company.

26. No amount has been paid within the two years preceeding the date hereof or is intended to be paid to any promoter or promoters.

27. The dates of, the parties to and the general nature of every material contract entered into by the Company within the two years preceeding the date hereof other than contracts entered into in the ordinary course of business carried on by the Company are as follows:

- (i) equipment purchase contract dated January 11, 1967 between the Company and De Laval Limited for a pasteurizer for \$80,530;
- (ii) equipment purchase contract dated December 2, 1966 between the Company and De Laval Limited for a clarifier for \$33,100;
- (iii) equipment purchase contract dated August 15, 1966 between the Company and Paul Muller for a 43 foot stainless steel storage tank in the amount of \$33,412;
- (iv) agreement dated December 14, 1966 between the Company and Danforth Construction Co. Limited for the construction of a plant extension for approximately \$225,000;
- (v) equipment purchase contract dated December 19, 1966 between the Company and Cherry-Burrell Corporation of Canada Limited for a conveyor in the amount of \$33,022;
- (vi) underwriting agreement referred to in paragraph 16 hereof; and
- (vii) agreement for sale of shares of a subsidiary company as referred to in Note 1 (h) to the Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet of the Company.

Copies of the agreements referred to above in this paragraph 27 may be inspected at the head office of the Company, 671 Warden Avenue, Scarborough, during usual business hours at any time during the period of primary distribution of the securities offered by this prospectus and for 30 days thereafter.

28. The Company has not acquired within the two years preceeding the date hereof nor does it propose to acquire any property in which any director of the Company is interested.

29. The Company has been carrying on business for more than three years. The Company has not acquired nor does it propose to acquire directly or indirectly by the purchase of shares or otherwise a business which has been carried on for less than three years.

30. Euclid Securities Limited, 1 Benvenuto Place, Toronto, Ontario by reason of the beneficial ownership of Common Shares of the Company is in a position to elect a majority of the directors of the Company. Frank A. Bazos, President of Euclid Securities Limited and members of his family own all the outstanding shares in the capital of Euclid Securities Limited.

31. 540,750 Common Shares and 845,750 Class B Shares owned by Euclid Securities Limited, Robert W. Lowe, Ida Louise Lowe, Robert W. Lowe and W. H. Zimmerman as trustees for the children of Robert W. Lowe and Ida Louise Lowe and Frank Bazos are held in escrow by The Royal Trust Company. Eighteen months after the acceptance of this prospectus for filing by the Ontario Securities Commission one-half of each class of the escrowed shares will be released from escrow and the remaining escrowed shares will be released from escrow on the written consent of the Ontario Securities Commission.

32. No dividends have been paid on any shares of the Company since its incorporation up to October 31, 1966. On January 5, 1967 a dividend of \$4 per share was paid on the Class A Shares for the period May 1, 1966 to December 31, 1966. The Class A shareholders waived their rights to all dividends up to May 1, 1966 and there are no arrears of dividends on the Class A Shares.

33. There are no other material facts not disclosed in the foregoing which includes the information supplied by Mr. R. W. Lowe, the President of the Company.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Part VII of the Securities Act, 1962 (British Columbia), by Part IX of The Securities Act, 1955 (Alberta), by the Securities Act (New Brunswick) and by The Securities Act (Nova Scotia); and there is no further material information applicable other than in the financial statements or reports where required or exigible.

Dated at Toronto, this 28th day of February, 1967.

Directors

(Signed) FRANK A. BAZOS

(Signed) ROBERT BAZOS

(Signed) ROBERT W. LOWE

(Signed) V. F. SCHULER

(Signed) W. H. ZIMMERMAN

Underwriters

To the best of our knowledge, information and belief the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Part VII of the Securities Act, 1962 (British Columbia), by Part IX of The Securities Act, 1955 (Alberta), by the Securities Act (New Brunswick) and by The Securities Act (Nova Scotia); and there is no further material information applicable other than in the financial statements

or reports where required or exigible. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

The following includes the name of every person having an interest either directly or indirectly to the extent of not less than 5% in the capital of Burns Bros. and Denton Limited: C. F. W. Burns, D. S. Beatty, L. C. Burns, H. W. Hunter, E. S. Miles, A. R. Swanson, and D. E. Boxer.

BURNS BROS. AND DENTON LIMITED.

by: (Signed) L. C. BURNS

FINANCIAL STATEMENTS

THE BECKER MILK COMPANY LIMITED and Subsidiary Companies

CONSOLIDATED BALANCE SHEET AND PRO FORMA CONSOLIDATED BALANCE SHEET AS AT JANUARY 31, 1967

A S S E T S

	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet
CURRENT ASSETS:		
Cash	\$ 16,275	\$ 784,484
Store manager accounts and sundry accounts receivable	91,109	114,251
Advance to employees	2,162	5,736
Loan to an officer	39,594	—
Due from a director	615	—
Due from shareholders	81,200	—
Inventories —		
Plant, at lower of cost or net realizable value	269,048	269,048
Stores, at lower of cost or net realizable value less normal profit margin	1,025,170	1,025,170
Prepaid expenses and deposits	36,384	34,067
Chattel mortgage receivable — due within one year	—	11,662
	<u>\$ 1,561,557</u>	<u>\$ 2,244,418</u>
INVESTMENT IN ASSOCIATED COMPANY:		
Shares — at cost	\$ 50,050	\$ 50,050
Advance	38,348	35,331
	<u>\$ 88,398</u>	<u>\$ 85,381</u>
FIXED ASSETS:		
Assets — at cost	\$ 4,375,599	\$ 4,189,389
Less: accumulated depreciation and amortization	1,765,054	1,263,645
	<u>\$ 2,610,545</u>	<u>\$ 2,925,744</u>
OTHER ASSETS:		
Rent deposits and deferred finance charges	\$ 17,219	\$ 17,219
Financing expenses	—	20,000
Excess of purchase price of shares of subsidiaries over net book value at date of acquisition	2,497	—
Special refundable tax	32,000	32,000
Progress draw on building extension under construction	26,001	26,001
	<u>\$ 77,717</u>	<u>\$ 95,220</u>
	<u>\$ 4,338,217</u>	<u>\$ 5,350,763</u>

L I A B I L I T I E S

	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet
CURRENT LIABILITIES:		
Bank indebtedness	\$ 429,162	\$ —
Accounts payable and accrued liabilities	1,499,700	1,463,435
Equipment instalments due within one year	45,610	45,610
Income and other taxes payable	311,443	306,120
	<u>\$ 2,285,915</u>	<u>\$ 1,815,165</u>
LONG-TERM LIABILITIES:		
Managers' bond deposits	\$ 141,850	\$ 141,850
Equipment instalments due February 1, 1967 to February 15, 1970	18,022	18,022
6½ % mortgage bonds	250,000	725,000
6% series B debentures	50,000	50,000
	<u>\$ 459,872</u>	<u>\$ 934,872</u>
DEFERRED INCOME TAXES		<u>\$ 207,114</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK:

Authorized:

- 8,000 6% cumulative class A preference shares with a par value of \$100.00 each redeemable at par (pro forma 8,000 shares)
- 150,000 non-voting participating class B preference shares without par value (pro forma 2,459,250 shares)
- 160,000 common shares without par value (pro forma 640,750)

Issued and fully paid:

5,675 class A preference shares (pro forma 5,675 shares)	\$ 567,500	\$ 567,500
10,300 class B preference shares (pro forma 1,162,250 shares)	2,161	612,673
150,000 common shares (pro forma 540,750 shares)	800	288
	<u>\$ 570,461</u>	<u>\$ 1,180,461</u>

RETAINED EARNINGS	\$ 1,021,969	\$ 1,213,151
	<u>\$ 4,338,217</u>	<u>\$ 5,350,763</u>

Approved on behalf of the Board:

"FRANK BAZOS" Director.

"ROBERT W. LOWE" Director.

THE BECKER MILK COMPANY LIMITED and Subsidiary Companies

NOTES TO CONSOLIDATED BALANCE SHEET AND PRO FORMA CONSOLIDATED BALANCE SHEET AS AT JANUARY 31, 1967

PRO FORMA CONSOLIDATED BALANCE SHEET

The pro forma consolidated balance sheet gives effect to the following transactions:

1. The subdividing of each of the non-voting Class B shares and each of the common shares into 10 non-voting Class B shares and 10 common shares respectively and the reclassifying of 959,250 of such common shares as 959,250 non-voting Class B shares, pursuant to Supplementary Letters Patent dated February 28, 1967.
2. The issue and sale to Burns Bros. and Denton Limited of 100,000 non-voting Class B shares without par value for an aggregate consideration of \$610,000 payable in cash to the Company.
3. The issue and sale of \$475,000 6½ % first mortgage bonds for an aggregate consideration of \$475,000 payable in cash to the Company.
4. The application of the proceeds of \$1,085,000 from (b) and (c) above
 - (1) to pay financing expenses of \$20,000 and
 - (2) to provide working capital.
5. The repayment of the loan to an officer and the amounts due from a director and shareholders in accordance with commitments received by the Company.
6. The issue of 225 non-voting Class B shares at a price of \$5.00 per share to employees on December 30, 1966 which shares were subsequently split on a 10 for 1 basis.
7. The recording of depreciation on a straight line basis, together with income tax adjustments arising therefrom, with effect from the date of commencement of operations by the Company.
8. The sale by the Company of one of its subsidiaries at its original cost in 1966 for \$3,000.

THE BECKER MILK COMPANY LIMITED and Subsidiary Companies

CONSOLIDATED STATEMENT OF PRO FORMA RETAINED EARNINGS FOR THE NINE MONTHS ENDED JANUARY 31, 1967

Balance as at April 30, 1966	\$ 726,716
Add: Pro Forma earnings for the period	509,135
	<u>\$ 1,235,851</u>
Deduct: Dividends on Class A Preference shares declared December, 1966 and paid January 5, 1967	22,700
Pro Forma Retained Earnings as at January 31, 1967	<u>\$ 1,213,151</u>

THE BECKER MILK COMPANY LIMITED
and Subsidiary Companies

CONSOLIDATED STATEMENT OF EARNINGS AND PRO FORMA EARNINGS
FOR THE NINE MONTHS ENDED JANUARY 31, 1967

Sales	\$20,418,035
Gross Profit on Sales	\$ 5,147,176
Expenses	3,789,316
Earnings before depreciation and amortization, interest charges and taxes on income	\$ 1,357,860
Depreciation and amortization	286,289
Earnings before interest charges and taxes on income	\$ 1,071,571
Interest charges	20,301
Earnings before income taxes	\$ 1,051,270
Provision for income taxes	539,048
Earnings for the period	\$ 512,222
Adjustment	
Straight line depreciation and amortization	\$ (6,432)
Deferred income taxes arising therefrom	(3,345)
	\$ 3,087
Pro Forma Earnings for the Period	\$ 509,135

() Denotes red figure.

